



FY2014 Bureau of Finance Budget Presentation

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Chief Financial Officer, Cook County

October 17, 2012

Office of the Chief Financial Officer

Enterprise Resource Planning

Revenue

Risk Management

Budget and Management Services

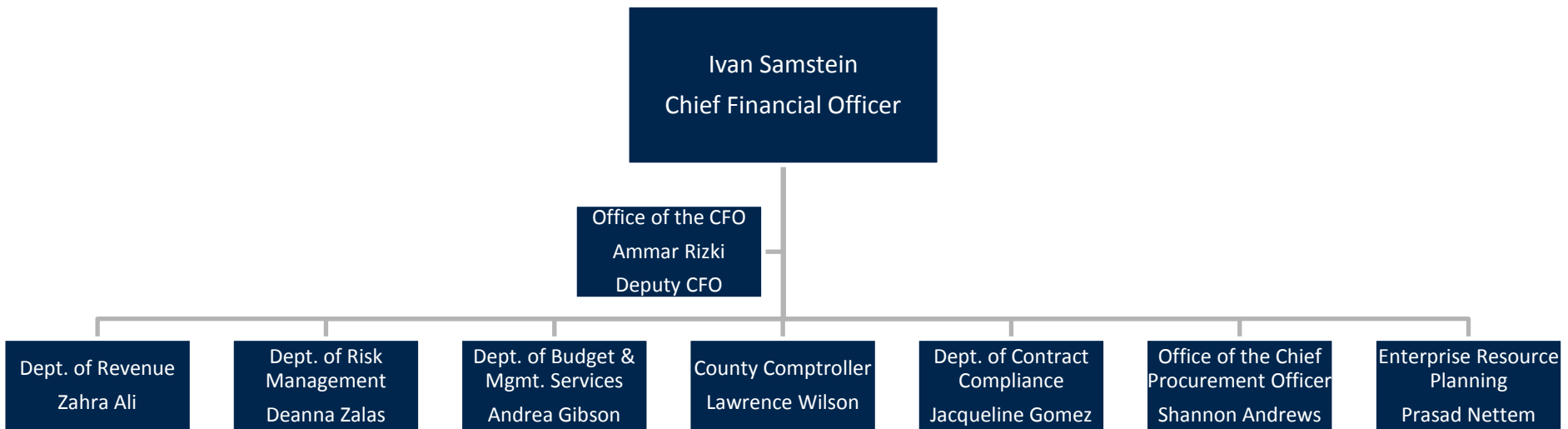
County Comptroller

Contract Compliance

Office of the Chief Procurement Officer

Bureau of Finance Management Team

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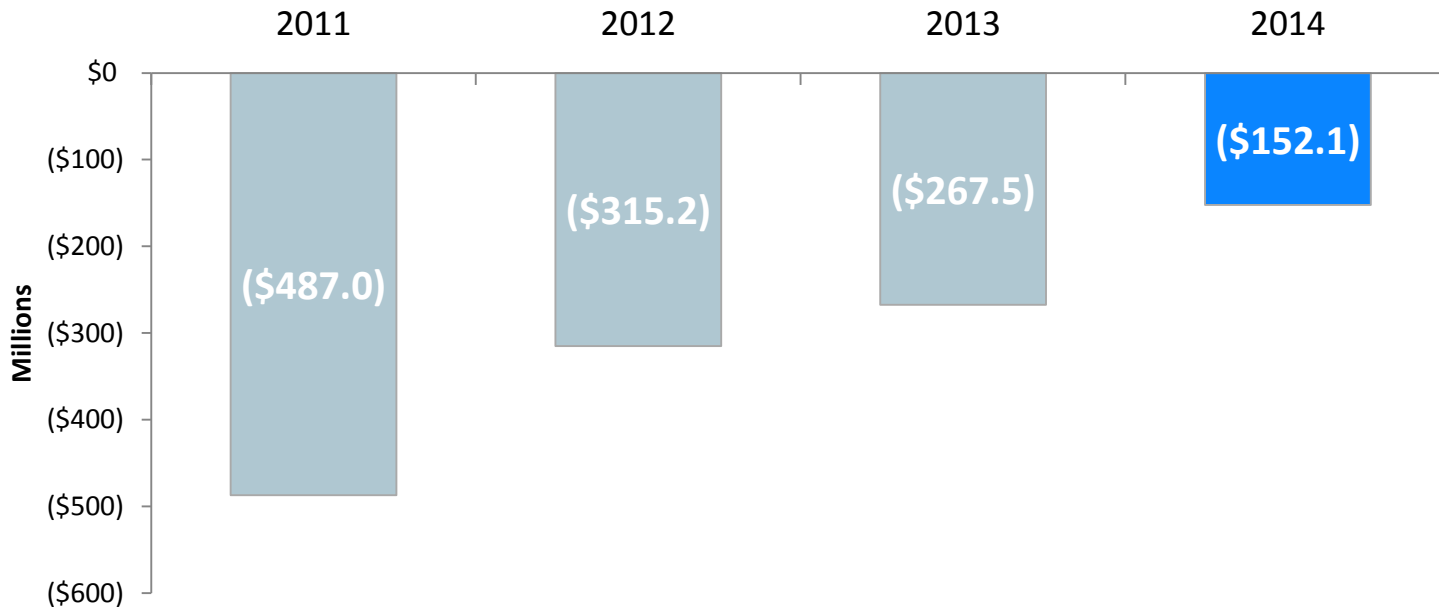


2014 Budget Faced Significant But Reduced Deficit

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Preliminary Budget Gaps



Structural changes implemented in previous years reduced the 2014 deficit
No new taxes, fines, fees, or layoffs for FY 2014

2014 Budget Framework

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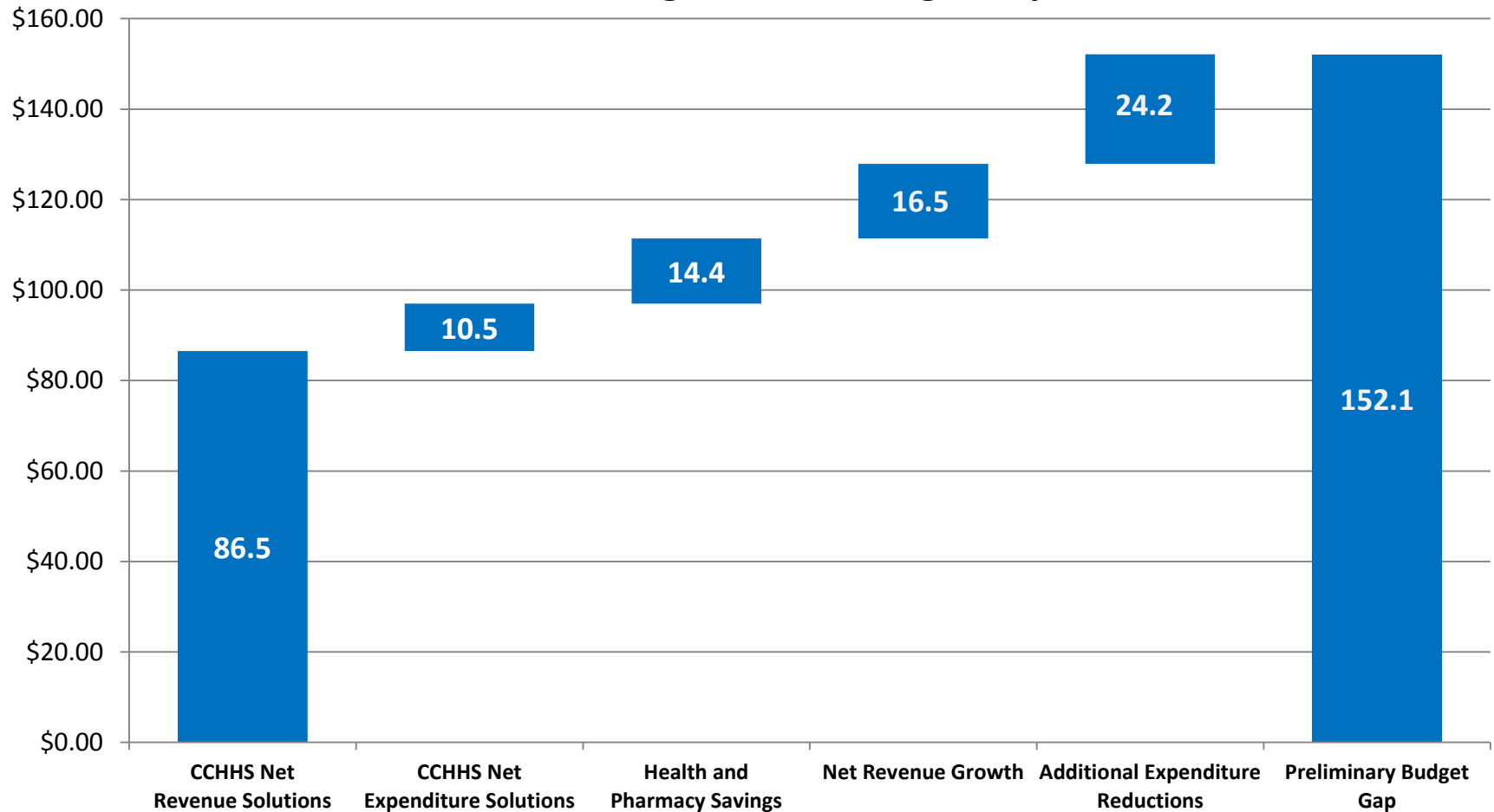
- No new taxes, fines or fees
- Greater self-sufficiency for the Health System; Reduces Health System subsidy by \$76M
- Strategic investment in technology to improve services and increase accountability

Closing the Gap

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Closing the 2014 Budget Gap





Reducing the \$152.1 Million Gap from Preliminary Budget

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Expenditures

Expenditure Reduction-\$24.2M

- Vacancy Reductions - \$14.95M
- AT&T, Microsoft, Avaya - \$5M
- Energy savings - \$1.6M
- Contract and Procurement Savings - \$1.25
- Fleet Management - \$.4M
- Legal Expenses- \$1M

CCHHS Expenditure Solutions-\$10.5M

- Timing of Hiring- \$10.5M

Health and Pharmacy Savings-\$14.4M

- Health benefits savings - \$9.9M
- Pharmacy Savings - \$4.5M

Revenues

CCHHS Net Revenue Solutions-\$86.5M

- Per Member Per Month Rate

Net Revenue Growth - \$16.5M

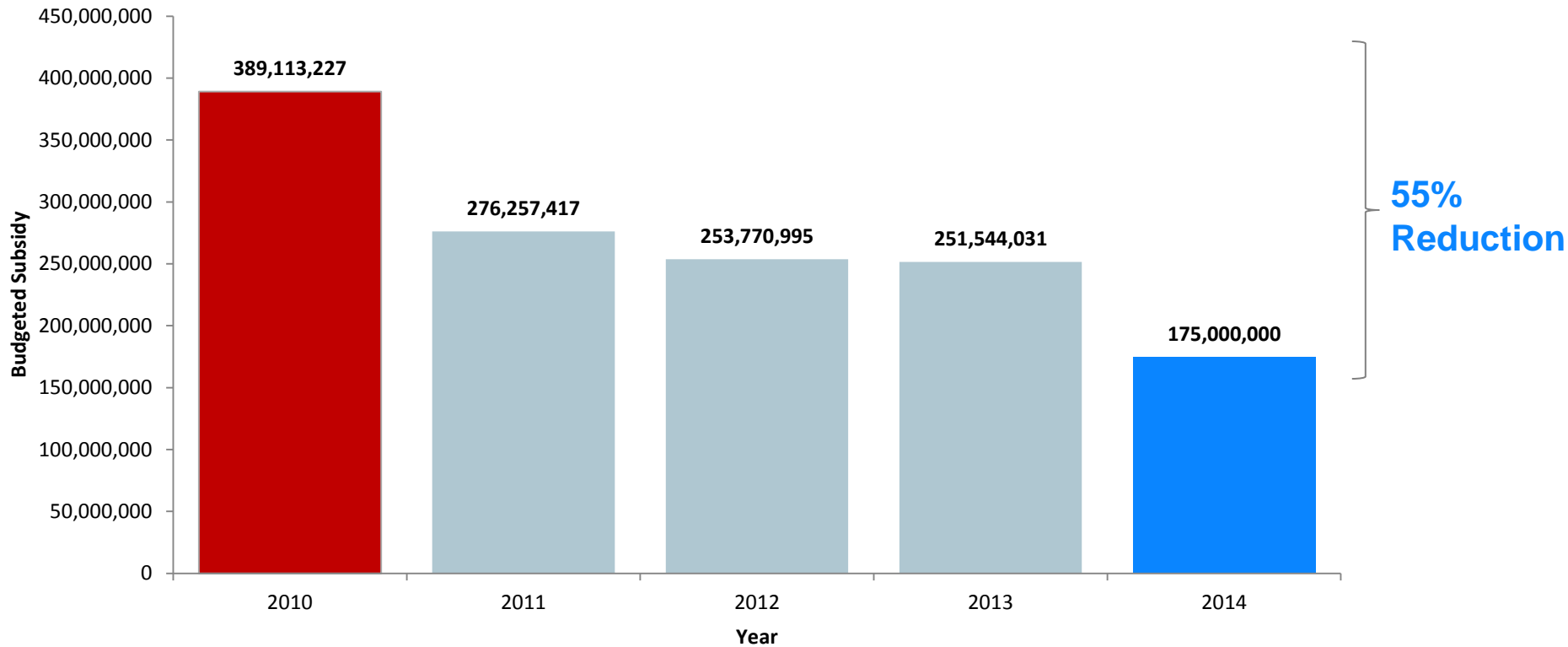
- Revenue estimate increases - \$38.74
- Revenue estimate decline - (\$22.24)

Health System Subsidy FY2010 - 2014

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CCHHS Subsidy



- Establishes the Health Fund as an enterprise fund
- Increases in revenue and targeted reductions in operating expenditures



Estimated Revenues FY2014 vs. FY2013

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Revenue Type ¹	FY2013	FY2014	\$ Change	% Change
	Appropriation	Recommendation		
Property Taxes (Excluding Uncollected Taxes) ²	\$713,952	\$716,966	\$3,014	0.4%
Fees	979,930	1,219,720	239,790	24.5%
Home Rule Taxes	788,607	764,260	-24,347	-3.1%
Intergovernmental Revenues	136,914	137,923	1,010	0.7%
Other Revenues	34,328	29,367	-4,961	-14.5%
Special Purpose Fund Revenue	117,620	121,237	3,618	3.1%
Grants	134,433	161,946	27,513	20.5%
Personal Property Replacement Tax (PPRT)	42,035	55,371	13,336	31.7%
Total Operating Revenues	2,947,818	3,206,790	258,972	8.8%
Capital	372,021	329,439	-42,582	-11.4%
Total Revenue	\$3,319,839	\$3,536,229	\$216,390	6.5%

1. All dollars in thousands



Allocation of Revenue FY2014 vs. FY2013

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Allocation Type ¹	FY2013 Appropriation	FY2014 Recommendation	\$ Change	% Change
General Fund ²	\$1,332,040	\$1,375,609	\$43,569	3.3%
Health Enterprise Fund	963,659	1,125,717	\$162,059	16.8%
Election Fund	19,712	40,227	20,515	104.1%
Annuity & Benefits Fund	192,970	194,668	1,699	0.9%
Bond and Interest Fund	187,385	187,385		0.0%
Special Purpose Funds	117,620	121,237	3,618	3.1%
Total Special Purpose Funds	517,686	543,518	25,831	5.0%
Grants	134,433	161,946	27,513	20.5%
Total Operating Budget	2,947,818	3,206,790	258,972	8.8%
Capital	372,021	329,439	-42,582	-11.4%
Total Budget	\$3,319,839	\$3,536,229	\$216,390	6.5%

1. All dollars in thousands | 2. Corporate and Public Safety Funds

General and Health Enterprise Funds

Expenditures FY2014 vs. FY2013

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Expenditures ¹	FY2013	FY2014	\$ Change	% Change
	Appropriation	Recommendation		
General Fund				
Corporate Fund - Operating	145,088	161,055	15,967	11.0%
Public Safety Fund - Operating	1,186,952	1,214,554	27,602	2.3%
General Fund-TOTAL	\$1,332,040	\$1,375,609	\$43,569	3.3%
General Fund Total Positions (FTEs)	16,367.8	16,795.0	427.2	2.6%
Health Enterprise Fund				
Health Enterprise Fund	963,659	1,125,717	162,059	16.8%
Health Enterprise Fund Total Positions (FTEs)	6,668.1	6,745.1	77.0	1.2%

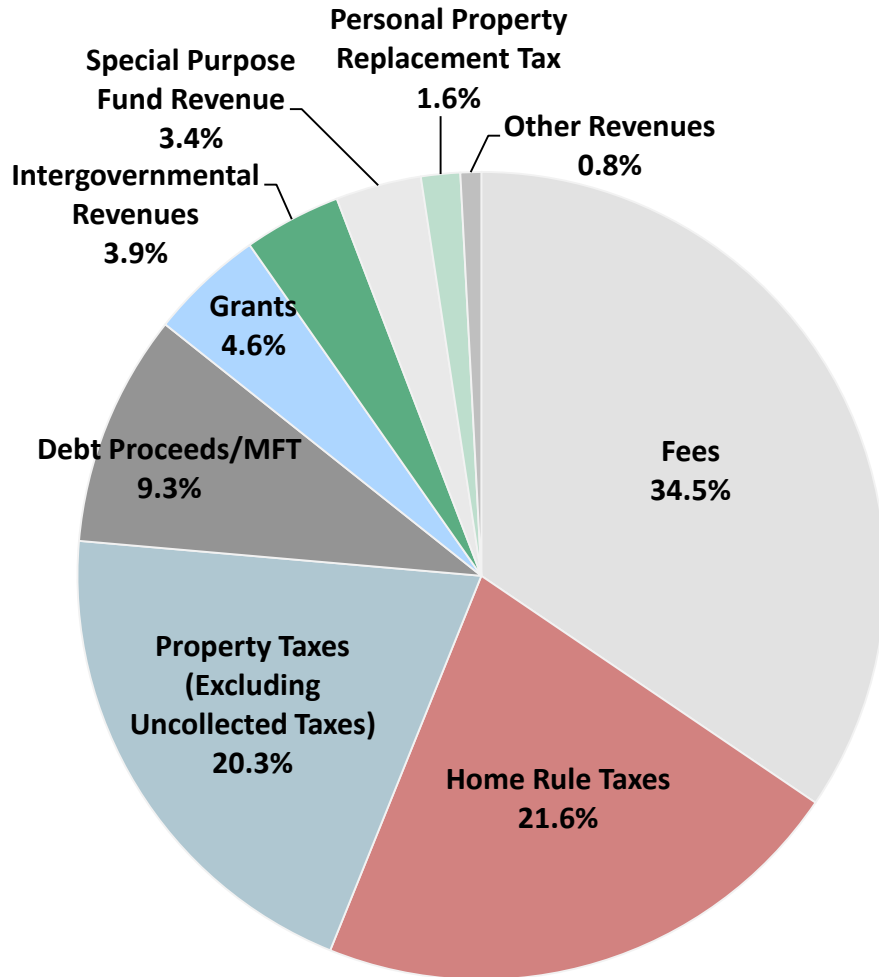
1. All dollars in thousands

FY2014 Revenues vs. Expenses

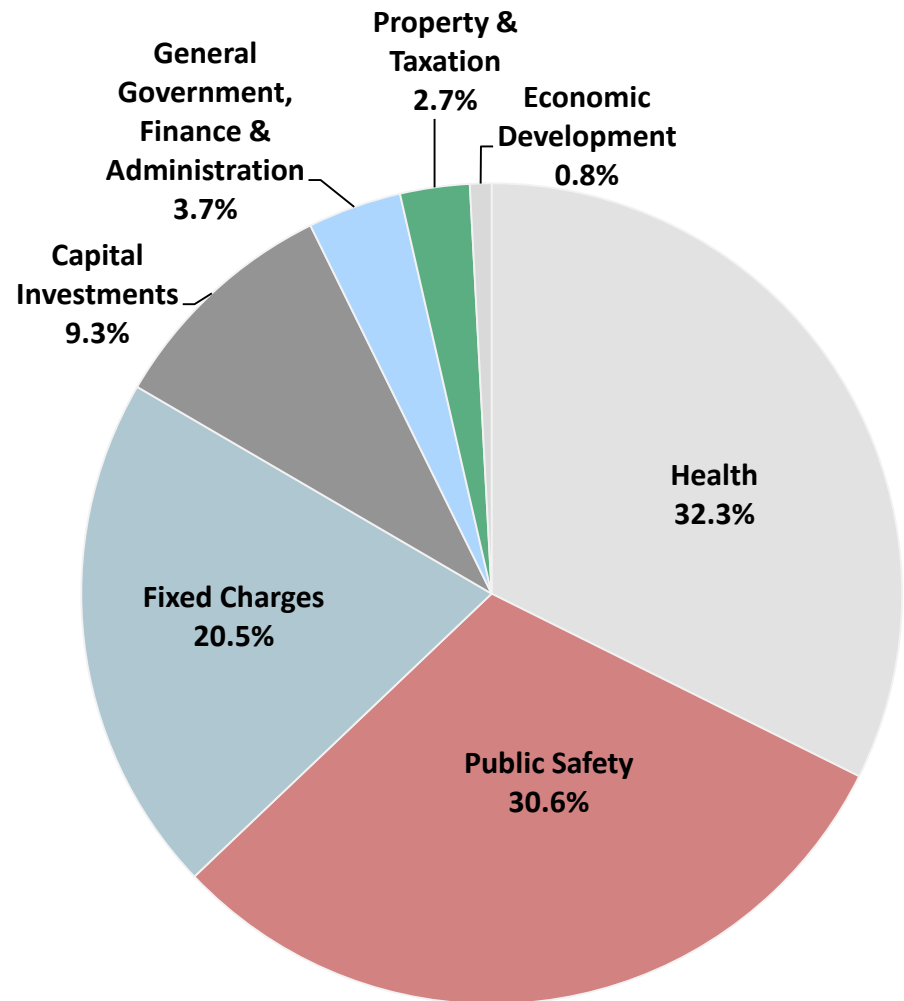
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Where the Dollars Come From



Where the Dollars Go



Bureau of Finance

FY2014 Budget Presentation



Office of the Chief Financial Officer

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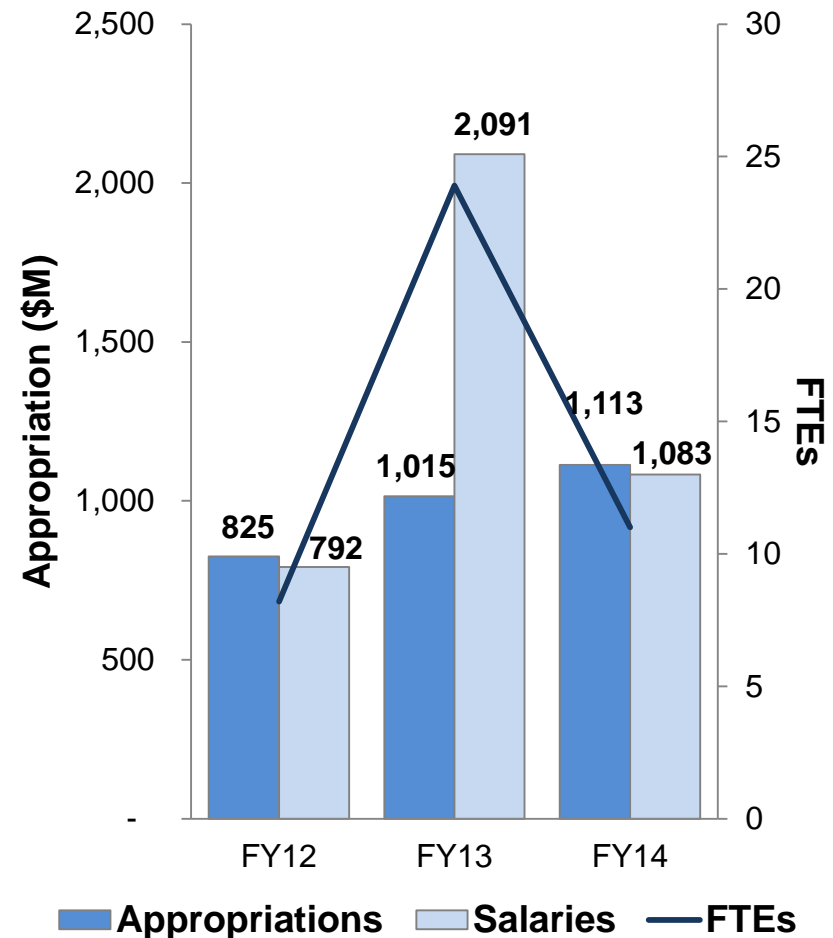


Mission

The Chief Financial Officer will ensure that the fiscal affairs of the County are managed using best in class public finance practices, with an eye towards long term fiscal stability.

The Office of the Chief Financial Officer will use quantitative expertise and direct hands-on management to support all departments under the Bureau of Finance.

Budget and staffing



Office of the Chief Financial Officer – FY2013 Accomplishments

FY2014 Bureau of Finance Budget Presentation



Cash Flow Forecast Model

- Developed a cash-flow forecast model to project cash balances and liquidity forward for 12 months

Investment of Eligible Funds

- Invested two primary sources of funds—bond proceeds and debt service funds; achieved returns on high quality investments of roughly 0.45%, significantly in excess of the benchmark yield for the 6 month T-Bill

Qualified Energy Conservations Bonds (QECB)

- QECBs provided low cost funding (effective interest rate below 1%) for the County to utilize on construction and retro-fitting methods to reduce on energy consumption

Investor Relations

- Revamped the Investor Relations webpage to effectively provide materials that investors are seeking regarding our key financial documents while maintaining relationships with the market

Revamped the Performance Management metrics for all departments in BOF

- Re-tooled performance metrics bureau-wide to monitor what is most critical to department managers and users



Office of the Chief Financial Officer – FY2014 Budget Highlights

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Systemic Performance Evaluations for Bureau of Finance

- CFO's Office will lead a bureau-wide performance evaluation initiative

Interim Capital Financing Vehicle

- Will work with the Office of Budget and Management Services, Comptroller and Capital Planning to initiate an interim capital financing program in FY 2014

Cash Flow Analysis

- Will further refine and improve accuracy of the cash flow models implemented in FY13

Quarterly Financial Management Report

- Publish a quarterly report, with the Comptroller and Budget, to highlight the County's current cash flow forecast, budget to actual expenditure analysis, and County's investment performance

Risk Assessment Process for all Offices Under the President

- Will assess existing risk factors, measure risk exposure, and provide consultative services for all issues related to risk administration or programs related to risk assessment and mitigation

Enterprise Resource Planning (ERP)

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Enterprise Resource Planning (ERP)

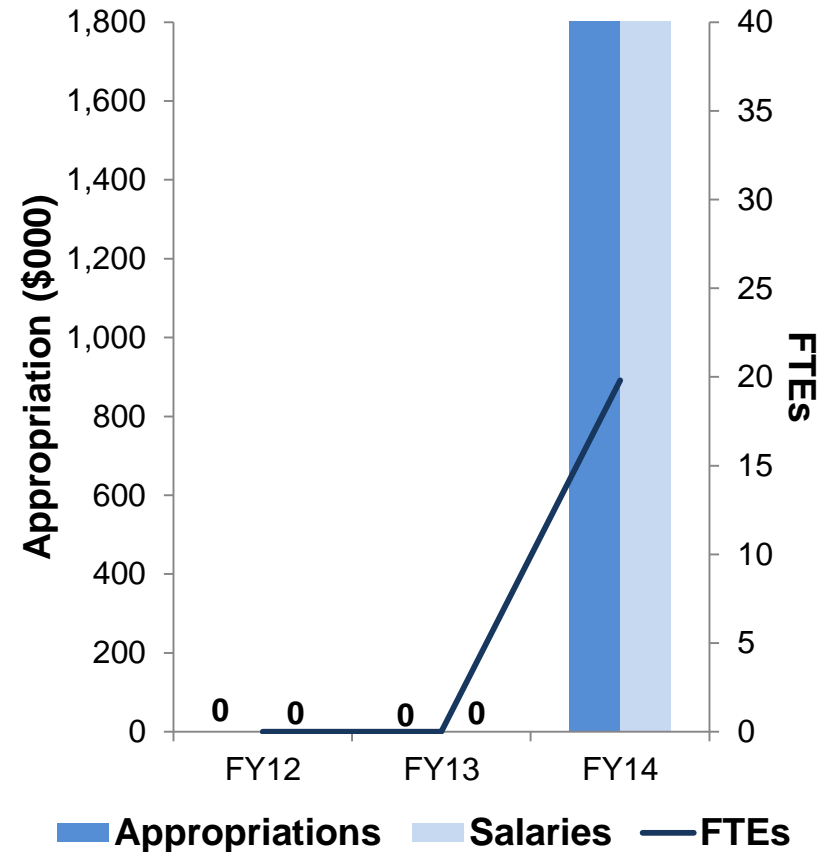
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Mission

To implement and support County-wide technology projects to improve business operations. Serve as a County resource for the development and maintenance of the ERP and Time and Attendance systems.

Budget and Staffing



ERP FY2013 Accomplishments

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HR/Payroll Upgrade Project

- Identified options to stabilize unstable Payroll system within the timeframe prescribed
- Completed contract negotiations and started the implementation in May 2013
- Completed the HR/Payroll requirements, design, and configuration phases by Sept. 2013
- Started testing of system with County data by involving users from various County agencies

Countywide ERP Project

- Obtained user buy-in to participate in Countywide ERP Project, from Offices Under the President, CCHHS, Independently Elected Officials, and Forest Preserve District
- Engaged users from across Cook County, to validate requirements, prior to release of RFP
- Released ERP Software RFP in Oct. 2013

Countywide Time & Attendance Project

- Completed selection of software and implementation services vendor
- Managed contract negotiations (in-progress)
- Preparing to bring a contract to the board by year end

ERP FY2014 Budget Highlights

FY2014 Budget Presentation



HR/Payroll Upgrade Project

- Successfully implement new HR/Payroll/Benefits system
- Train 400+ users across county departments
- Improve business processes and reduce transaction processing time

Countywide ERP Project

- Develop ERP System Integration RFP by working with the users across County agencies
- Complete ERP Software vendor selection process
- Complete ERP System Integration vendor selection process
- Complete contract negotiations and submit vendor recommendation(s) to County Board

Countywide Time & Attendance Project

- Installation of biometric timekeeping devices
- Complete configuration of time and attendance software for pilot agencies and continue phased rollout to rest of the agencies

Department of Revenue

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Revenue

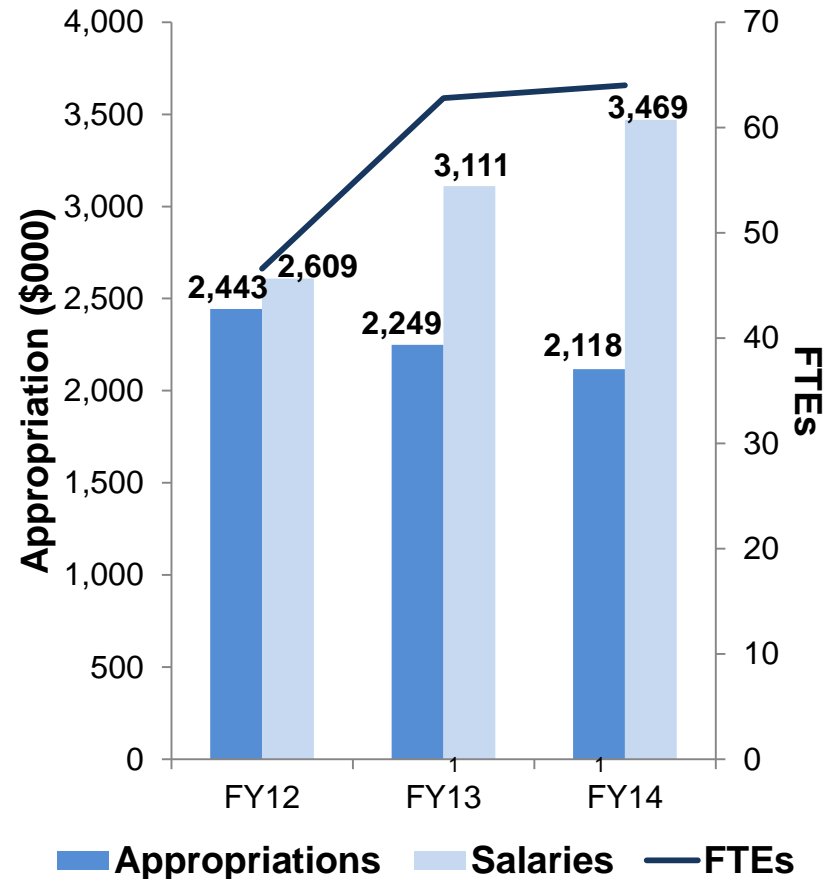
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Mission

To efficiently administer and enforce the collection of Cook County Home Rule Taxes and fees and fines; while providing courteous, professional service to the public. Also, to fairly and equitably enforce Tax Compliance and accurately process revenue collections.

Budget and Staffing





Revenue – FY2013 Accomplishments

FY2014 Bureau of Finance Budget Presentation

Increased Home Rule Taxes Enforcement & Compliance Effort

- Increased cigarette enforcement resulting in greater compliance / Tax Stamp sales increasing revenue estimates from \$133.3 million to \$145 million
 - Implemented Electronic Tobacco Investigation System
 - One-time floor tax implementation for Other Tobacco Products and Cigarettes
- Non-Retailer Transfer Use Tax rate reduction and hardship process
- Implementation of the new Gambling Machine Tax and Firearm Tax

Received the *Excellence in Tax Stamp Awards 2013* “Special Commendation Award” for the Cook County Department of Revenue Cigarette Reward Program

Strategic Department Reorganization

- Restructured and realigned personnel and continued the hiring process for additional compliance and enforcement resources

Improved Collections

- Continued Collection Agency implementation for debt collection
- Expansion of Lockbox Collections
- Completed successful pilot program of the Local Tax Intercept Program



Revenue – FY2014 Budget Highlights

FY2014 Bureau of Finance Budget Presentation

Increased Home Rule Taxes Enforcement & Compliance Effort

- Launched additional efforts to conduct field/desk audits and pursue delinquencies and deficiencies
- Tobacco Tax – Increased enforcement activities by partnering with all Cook County local law enforcement agencies, ATF, Illinois Department of Revenue, and State Liquor Commission

Tax Discovery Program

- Identifies taxpayers that are not registered and filing tax returns and/or paying their fair share of taxes within the current tax types or have been simply evading payment of the Home Rule Taxes

Initiate Real Estate Transfer Tax Audits

- Initiate an enforcement action by auditing Real Property Transfer Tax returns filed with the Cook County Recorder of Deeds to determine additional Transfer Tax monies due

Integrated Tax Processing Solution

- Provide an integrated technology solution to administer all Home Rule Taxes via a single system capable of providing for registrations, on-line tax filings, auditing, issuing delinquencies and deficiencies, tax discovery, business intelligence reporting and debt collection strategies

Revenue – 2014 STAR Goals

FY2014 Bureau of Finance Budget Presentation



STAR Performance Data			
Performance metric	FY2012	FY2013 Projected YE	FY2014 Target
% of registered Home Rule Tax Collectors filing their return on time	80%	78%	85%
# of Cigarette Tax Investigations	5,800	5,000	6,500
Revenue collected from Home Rule Tax (except Wheel and Cigarette Tax, including new revenue sources)	\$257.4M	\$284.3M	\$287.3M
Revenue from Cigarette Tax	\$133.3M	\$145.0M	\$134.5M
% of payments received electronically (via lockbox and e-payment)	16%	36%	50%
# of Home Rule Tax Audits	N/A	45	70

Department of Risk Management

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Risk Management

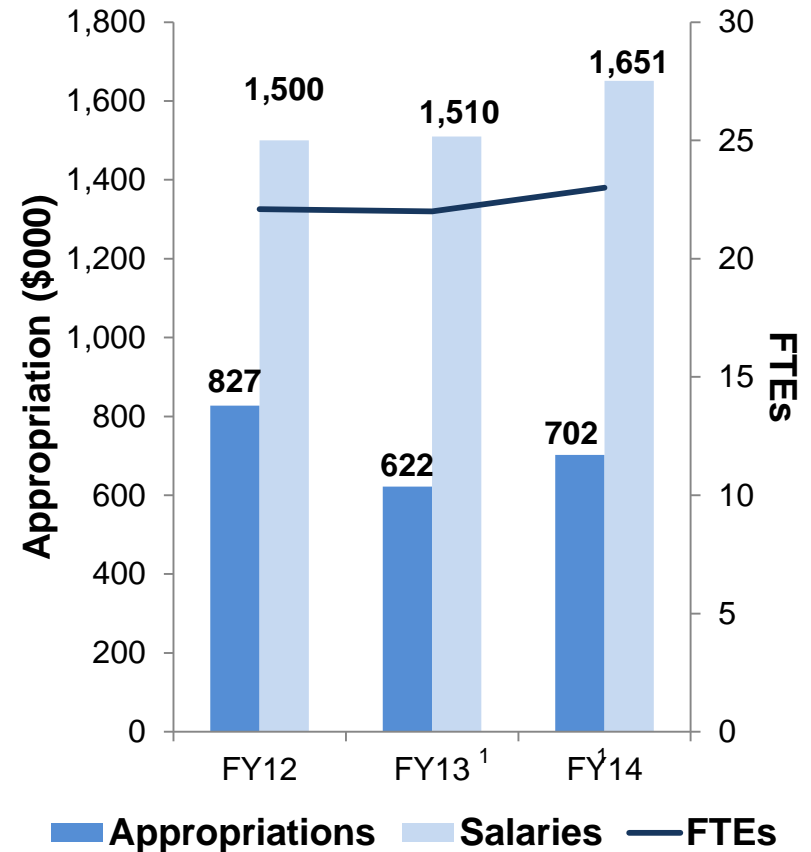
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Mission

Responsible for the administration of Employee Benefits, General Liability Insurance, Safety/Loss Prevention and Workers' Compensation programs.

Budget and Staffing





Risk Management – FY2013 Accomplishments

FY2014 Bureau of Finance Budget Presentation

Policies, Procedures and Process Improvements

- Standardized procedures regarding workers' compensation claims management, instituted file review sessions and adopted a Transitional Return to Work program for Offices Under the President
- Finalizing migration of general liability claims data to a modern Risk Management Information System
- Adopted a strategic plan for the safety / loss prevention division and began outreach regarding training opportunities provided by Risk personnel

Compliance

- Initiated compliance programs for HIPAA and Medicare reporting across Risk divisions

Performance Management

- STAR goals revised in mid-2013 to reflect the scope of Risk Management's responsibilities. Data remains in development, but areas under measurement include:
 - Workers' Compensation (number of new claims/month, number of open claims, lag time, cycle time, average paid on closed claims)
 - Benefits (generic drug utilization, participation in wellness programs, emergency room visits, communications access)
 - General Liability (average number of days to process subrogation recoveries, number of new claims/month, number of open claims)
 - Safety/Loss Prevention (number of trainings completed, number of corrective action items closed)



Risk Management – FY2014 Budget Highlights

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Improve on the efforts of the past year

- Continue building HIPAA, Medicare reporting and ACA compliance programs
- Document policies and procedures for Benefits and General Liability divisions
- Continue support of the collective bargaining process
- Continue support of ERP transition

Achieve Health Insurance and Pharmaceutical savings of \$14.4 million through eligibility review, rate renewals and programmatic improvements

- Improved Caremark Pharmacy and Guardian Dental pricing
- Pharmacy programs (Specialty Drug Guideline Management program and Alignment of all pre-authorization requirements for medically necessary lifestyle drugs)
- Eligibility standards for full-time employees

Implementation of a Risk Management Information System (RMIS) to support both general liability and workers compensation programs

Office of Budget and Management Services

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Budget and Management Services

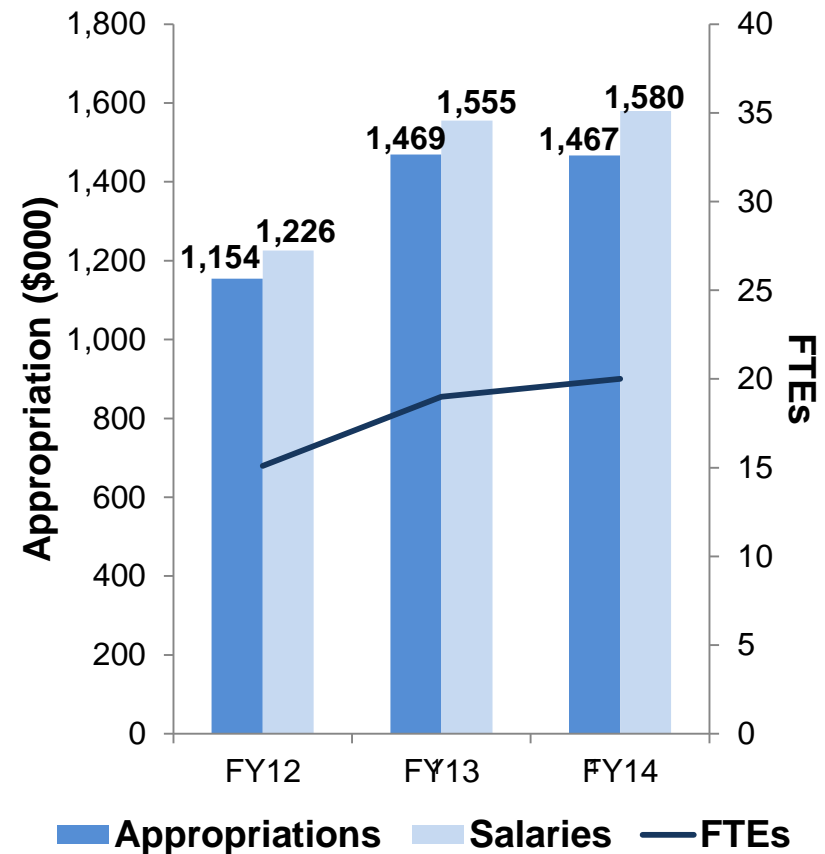
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Mission

Prepare, manage and execute the County budget. Evaluate and analyze performance data to recommend improvements that realize efficiency or budget savings. Prepare budgets for federal, state, and private grants.

Budget and Staffing





Budget and Management Services–FY2013 Accomplishments

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Received the Government Finance Officers Award of Distinguished Budget Presentation for the FY2013 budget

Complete Budget in a Timely Manner

- The 2014 recommendation was submitted 51 days before the end of the fiscal year

Secure New Grant Funding: Goal to increase grant funding by \$50 million over 5 years

- Total grant funding increased by \$28 million
- Five new discretionary grants expected to be awarded by year-end, including \$4.5 million for the newly formed Land Bank Authority of Cook County and additional funding for public safety

A New Performance Management Website

- Launched timely data via an open- data web portal, allowing the public to have access to the most current performance data in downloadable format



Budget and Management Services–FY2014 Budget Highlights

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Budget Preparation

- Continue to implement process improvements and best practices that increase transparency and accountability for Cook County
- Continue to improve the timing of the budget process by implementing more robust internal data reviews and beginning preliminary projections earlier in the year

Grant Process Improvement

- Implement grants manual for improved grants management
- Increase the number and value of grants to get closer to the goal of \$50 million additional grant revenue over the next 5 years
- In FY2014, the department has established a goal of receiving 7 new grant awards

Performance Management

- Expanding STAR 2.0 initiative to additional departments will be a primary focus for 2014



Budget and Management Services– 2014 STAR Goals

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STAR Performance Data			
Performance metric	FY2012 Actual	FY2013 Projected YE	FY2014 Target
Number of days before the end of the fiscal year that President's Recommendation is submitted	43	51	50
Number of departments tracking above monthly budget on personnel expenses	14	8	0
Number of new discretionary grants awarded	5	5	7

Comptroller's Office

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County Comptroller

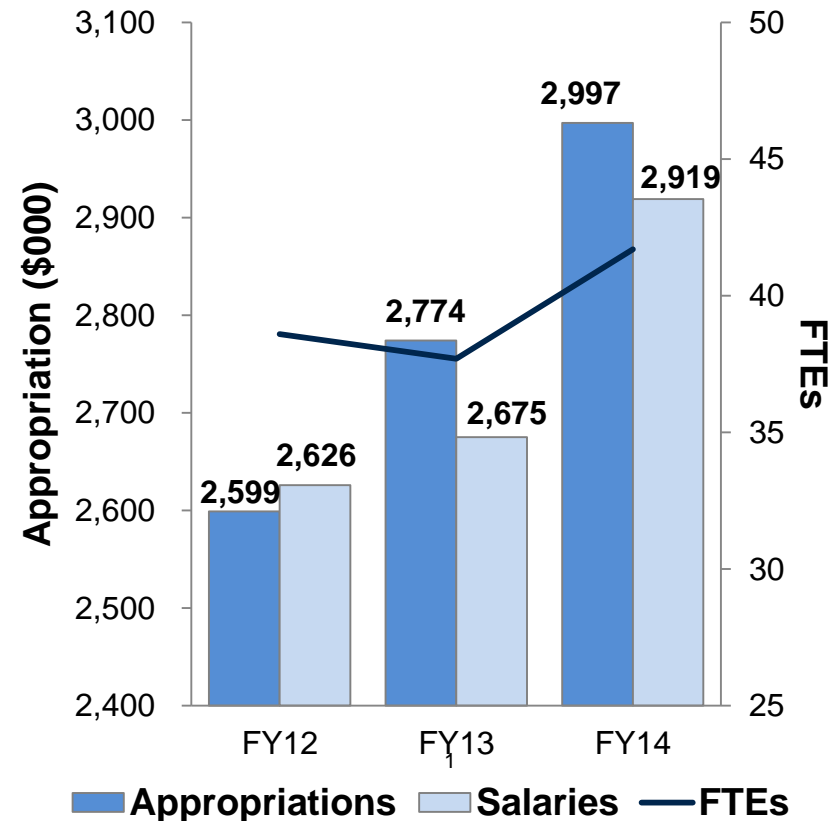
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Mission

Supervise the fiscal affairs of Cook County by maintaining the accounting records, general ledger, financial reporting, accounts payable, payroll, and garnishments in addition to being responsible for the external audit function and timely completion of the Comprehensive Annual Financial Report (CAFR).

Budget and Staffing



Comptroller's Office – FY2013 Accomplishments

FY2014 Budget Presentation



Financial Reporting

- Issued the FY12 CAFR and A-133 Federal Single Audit Report within 6 months of year end
- Completing the Revenue Report within 7 days of receiving department data on average, exceeding the goal of 10 days

Payroll Improvements

- Supporting upgrade of the payroll system and implementation of a new countywide time and attendance and ERP systems
- Implemented an electronic income withholding order system that has greatly reduced the risk associated with processing child support payments and streamlines child support order process

Accounts Payable Process Improvements

- Implemented an ACH quick payment system to pay vendors more timely and generate discounts

Countywide Risk Assessment

- Drafted policies and procedures for programs and supported the first phase of a countywide risk assessment program

County Comptroller – FY2014 Budget Highlights

FY2014 Bureau of Finance Budget Presentation



Accounts Payable Process Improvements

- Implement an ePayables solution to increase efficiency of vendor payments and increase revenue

Financial Reporting

- Eliminate audit finding for lack of:
 - Risk assessment program
 - Written financial policies and procedures
- Apply for the GFOA Certificate of Achievement in Financial Reporting

Strategic Department Reorganization

- Strategic hiring and reclassification of staff and positions with General Accounting to address financial reporting demands and create a more balanced workload within payroll
- Continue to focus on ongoing core principles from FY2013 activities and accomplishments

County Comptroller – 2014 STAR Goals

FY2014 Bureau of Finance Budget Presentation



STAR Performance Data			
Performance Metric	FY2012 Actual	FY2013 Projected YE	FY2014 Target
Average number of months required to complete CAFRs	6 months	6 months	6 months
Number of days required to complete Revenue report	10 days	7 days	10 days
Number of department time keeper payroll errors	30	20	20
Median Number of days to process invoices	Below 50 days	31 days	30 days

Contract Compliance

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Contract Compliance

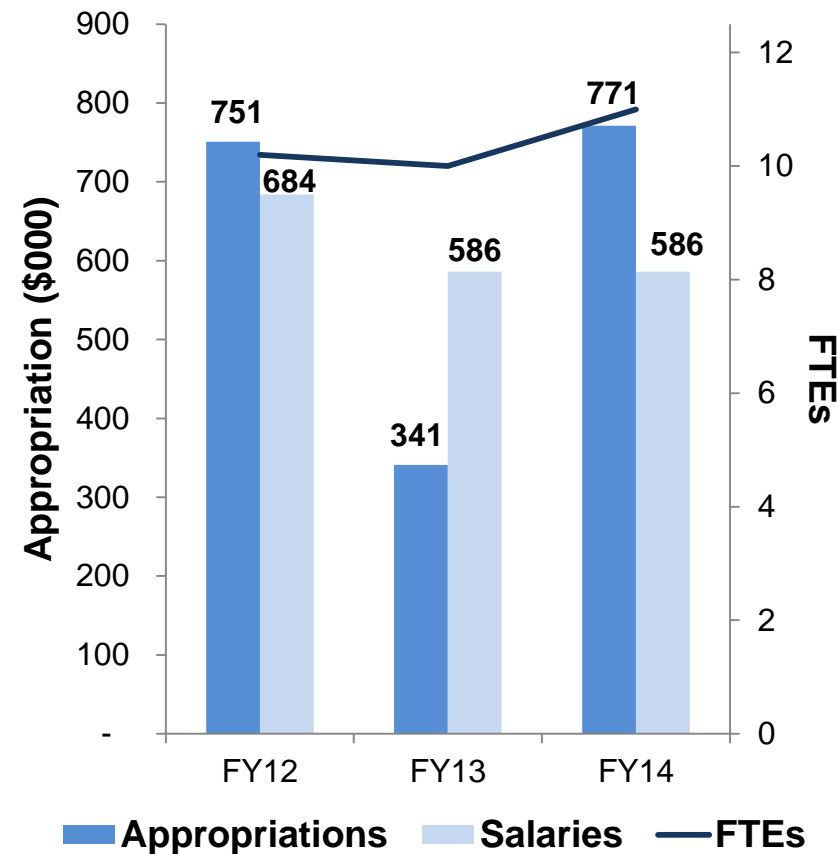
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Mission

The Office of Contract Compliance (OCC) is charged with ensuring that all County Purchases comply with the Cook County Minority and Women Owned Business Enterprise Ordinance. OCC also certifies Minority, Women and Veteran Owned Business Enterprises (MBE/WBE/VBEs) and educates County user departments and vendors on the importance and the process of complying with the Ordinance, and developing and building the capacity of MBE/WBE/VBEs.

Budget and Staffing



Contract Compliance – FY2013 Accomplishments

FY2014 Budget Presentation



Completed FY2012 Annual Diversity Report

- Office of Contract Compliance (“OCC”) published its Annual Diversity Report
- County exceeded its overall Minority and Women-owned Businesses (“M/WBE”) participation goals
 - Approximately \$67M or 35.6% of the total contracts awarded committed to M/WBEs

Launched City/County Reciprocal Certification Collaboration Program

- Launched this year, allows M/WBEs to be certified by either the County or City, and have that certification apply to both agencies
- Lessens the financial burden and streamlines the certification process by providing a “one stop shop” for M/WBEs interested in participating in County and City procurement opportunities

Developed Standard Operating Procedures for Certification Process

- Created new procedures which provides a more structured and efficient certification process
- Anticipated to publish this SOP online by the end of FY13



Contract Compliance – FY2014 Budget Highlights

FY2014 Budget Presentation

Compliance Management System

- Increases transparency and improves contract monitoring by creation of a data system infrastructure to capture, track and monitor actual spends in FY2013 and beyond
- Ensures that accurate MBE/WBE participation and utilization data is available for review

Disparity Study

- Statistical analysis of local markets based on several factors, including the County's procurement history, the availability of MBE/WBEs and Census figures

MBE/WBE Certification initiative

- Further streamlining the certification process through the City/County initiative

Increase Access to MBE/WBE Firms

- Continued efforts to work jointly with CCHHS' Supply Chain Management to identify contracting opportunities for MBE/WBEs to increase participation on CCHHS contracts

Contract Compliance – 2014 STAR Goals

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STAR Performance Data			
Performance metric	FY2012 Actual	FY2013 Forecast YE	FY2014 Target
Cycle time to process and finalize certification applications (number of days)	120 days	120 days	90 days
% of MBE Committed Participation	31%	25%	25%
% of WBE Committed Participation	4%	8%	10%
% of MBE Committed Participation (CCHHS)	9%	8%	25%
% of WBE Committed Participation (CCHHS)	1%	1%	10%

Office of the Chief Procurement Officer

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Chief Procurement Officer

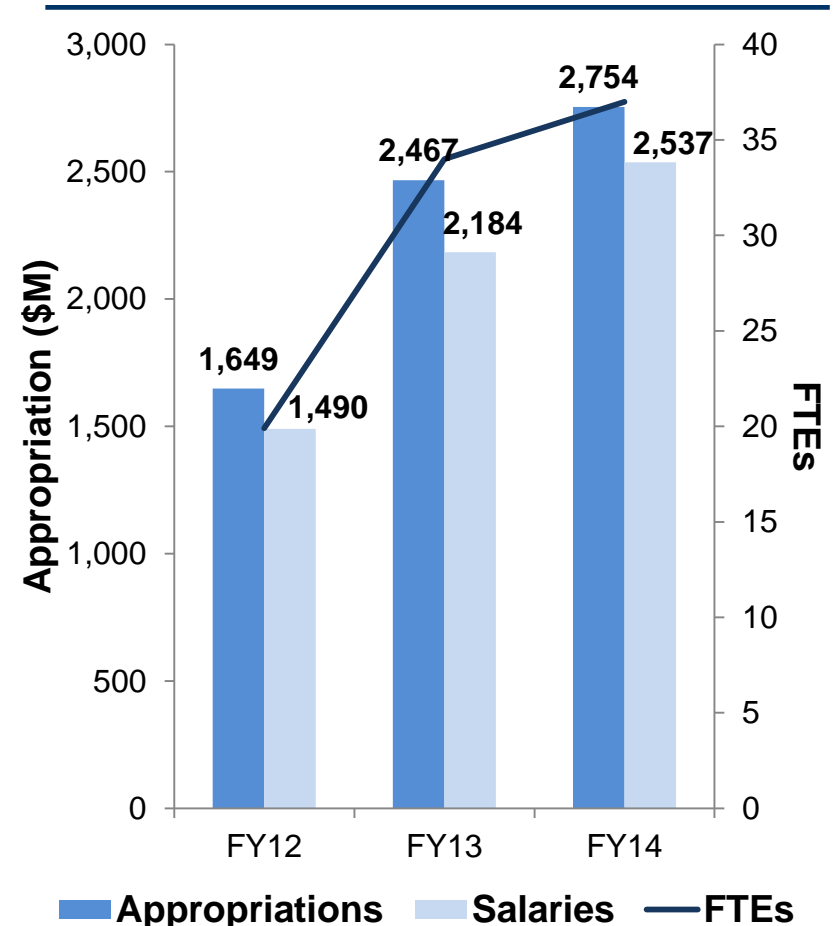
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Mission

To add value through the implementation of quality and cost-effective contracts; create partnerships with County departments to foster a team environment while implementing best practices in public procurement; and improve efficiency through the timely execution of the procurement process in accordance with County ordinances.

Budget and Staffing



Chief Procurement Officer – FY2013 Accomplishments

FY2014 Bureau of Finance Budget Presentation



Internal and External Trainings

- Established Procurement Liaisons with User Agencies and hosted monthly meetings with approximately 60 Procurement Liaisons to provide training on policies, procedures and best practices to improve the quality of procurement requests and reduce resources needed for processing
- Created materials and developed workshops to educate stakeholders on contracting opportunities and procurement best practices
- Enhanced the Cook County Buying plan by working to increase participation from using agencies in identifying future procurement needs, including the participation of DBMS to allow for strategic budget planning with Using Agencies

Process Time

- Implemented strategic plan to address procurement requests that exceeded target times by more than 50%. Open procurement requests has declined 43%, ensuring timely delivery of service and goods
- Streamlined and enhanced procurement process with the standardization of contract documents and forms with a focus on industry best practices

Prodagio

- Enhanced contract and document management process by implementing Prodagio software system which:
 - Creates and stores contract documents and data and improves collaboration efforts with using agencies
 - Offers enhanced electronic processing capabilities, project tracking, improved visibility, and management reporting

Chief Procurement Officer – FY2014 Budget Highlights

FY2014 Bureau of Finance Budget Presentation



Contract Formation

- Assist with market research and price analysis to help using agencies develop clear and concise requirements
- OCPO will also determine the procurement method compliant with legal requirements and best practices

Contract Negotiation & Processing

- Develops and employs negotiation strategies that conform to public procurement requirements and best practices
- Perform all background reviews to verify that vendors with County contracts are responsible as defined by the County Procurement Code

Contract Management

- Resolves vendor performance issues, processes contract changes to facilitate administration by using agencies

Reporting and Analysis

- Posts contract awards and other procurement activities to public on County website
- Reports and reviews various performance aspects and conducts spend analyses

Chief Procurement Officer – 2014 STAR Goals

FY2014 Bureau of Finance Budget Presentation



STAR Performance Data			
Performance metric	FY2011 Actual	FY2012 Projected YE	FY2013 Target
Average procurement cycle time for Bids	72	100	65
Average procurement cycle time for RFP/RFQ/RFIs	209	200	190
Average procurement cycle time for Sole Source Contracts	75.9	70	65
Average procurement cycle time for JOC contracts	0	15	14
Average procurement cycle for GPOs	114	N/A	100
Average procurement cycle time for Piggybacks	74.9	70	65
Average (days) of contract requests in process at close of month	129.2	115	110
Number of contract requests in process at month end	258	230	230